

Financial Report

1st Quarter 2011



General Fund Update

Revenue Update:

The City's total revenue collections for the General Fund were \$1,134,646 versus \$1,280,707 this time in 2010. The difference of \$146,061 is mainly attributable to \$202,253 less in Property Tax received than first quarter of last year (2010 revenue included \$216,854 in one-time monies received from Tanner Annexation) and B&O Tax down by 7.5% (\$15,242.13). On the good side, Retail Sales & Use Tax showed a \$16,986 increase over 1st quarter of 2010, other increases were Utility Tax (private and City) \$28,345, Licenses and Permits \$6,930 (37%) and Charges for Services increasing \$14,077.

May 2, 2011

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Bottom Line:

The total revenue for the General Fund ended the first quarter at 34.61% of projected. Property Tax revenues through March were only at 4% of projections but the majority of Property Tax income is expected to be received in May and November.

GENERAL FUND DEPARTMENTAL BUDGET UPDATE

Department	2011 Y.T.D. Expenditures	2011 Budget	% of Budget used	Explanation
Legislative & Executive	\$ 17,624	\$ 56,604	31%	1
Court Services	9,072	29,000	31%	2
Administration	69,225	229,186	30%	1
Finance	96,962	429,820	23%	
Legal	22,693	144,775	16%	
Central Services	43,775	174,272	25%	
Police & Jail	582,089	1,516,268	38%	2
Fire	296,796	783,412	38%	2
Building & Planning	123,465	499,705	25%	
Funds to Other Organizations	16,133	90,900	18%	
Parks, Culture & Recreation	111,789	472,254	24%	
Transfers	158,997	774,065	21%	
TOTALS	\$ 1,548,620	\$ 5,200,261	30%	

Explanations for significant departmental over/under budget

- (1) Annual dues and membership payments caused departmental expenditures to be higher than the 25% of budget expected for the 1st quarter.
- (2) Due to budget concerns in 2010 monthly payments for November and December of 2010 were held over and paid in 2011.

Property Tax

Property tax collections were \$202,253 lower than first quarter 2010. This is due to the one-time Tanner Annexation payments received in 2010. In 2010 the City received \$137,166 in Road Tax and \$79,688 District 38 Fire Levy for the annexation area.

Almost all property tax payments are received in May & November because the King County Assessor's office collects them on our behalf in April and October. We anticipate reaching the budgeted projection.

Property Tax	
2010 YTD Revenue	2011 YTD
254,823	52,570

Retail Sales & Use Tax

By the end of the first quarter in 2011 we collected \$415,473 in Retail Sales and Use Tax; in 2010 our collections were \$398,487 (monthly revenue received is for taxes paid two months prior) which is a 4.3% increase over last year.

Current year-to-date collections are at 25.3% of projections.

Local Business and Occupation Tax

The City's Business & Occupation (B&O) tax is charged to all companies that conduct business activity in the city, whether or not they are located here.

In 2011, year-to-date, we have received \$189,136 in revenues; this is 23.66% of our current 2011 projection. Compared to 2010, we have received \$15,242 (or 7.5%) less in revenues than at this time last year.



Photo by: Michael McDevitt

Utility Taxes

The City of North Bend imposes a 6% utility tax on private utilities: electricity, natural gas, telephones and cell phones. City of North Bend utilities are also taxed at 6%: water, sewer and solid waste. The TV cable utility pays a 5% franchise fee to the City.

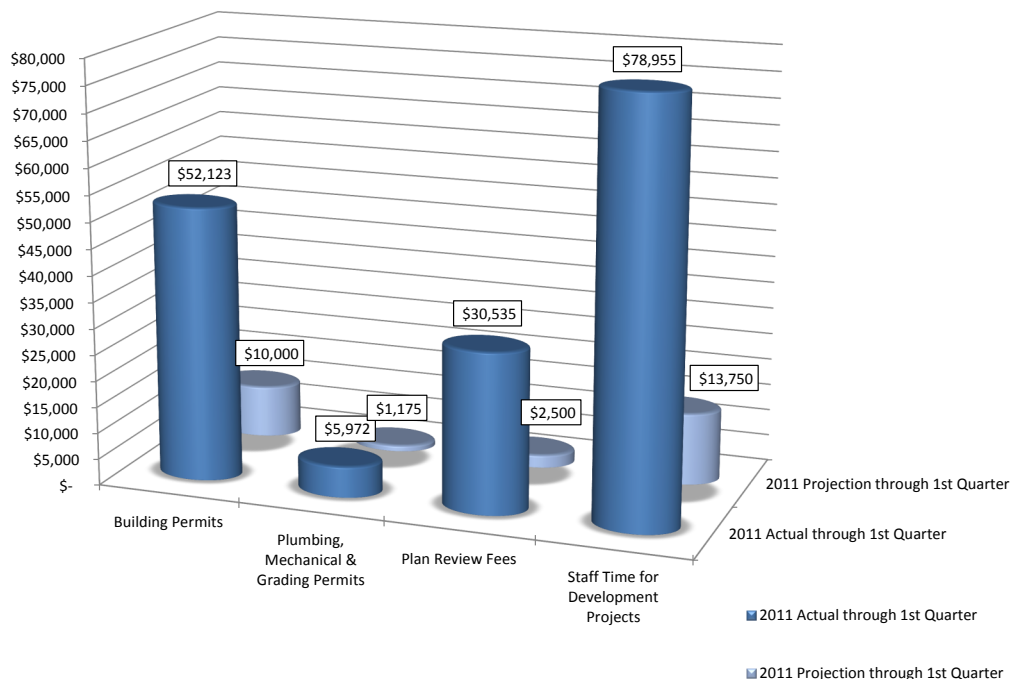
As of the end of the first quarter of 2011 the amount received from private utilities was \$191,179, a \$12,785 (7.2%) increase over the same period last year. The City utilities first quarter income increased by 30.7% over last year. The increase was due to a rate increase from the utility companies.

Utility Tax Revenues	2010 Y.T.D.	2011 Y.T.D.	Change
Private Utilities	\$ 178,394	\$ 191,179	7.2%
City of North Bend's Utilities	50,735	66,295	30.7%
Cable TV Utility	15,582	21,182	35.9%
Total	\$ 244,711	\$ 278,656	13.9%

Development Revenues

Development Revenues include building, plumbing, mechanical & grading permits, plan review fees and staff-time for development projects. This group of revenues has decreased by 8% compared to one year ago. In 2010 the 1st quarter collections were \$30,275, whereas 2011 year-to-date collections are at \$27,868. Although revenue is down from the 2010 receipts, the 2011 collected revenues are still at 27.32% of their projected amounts. Staff time for development projects in the first quarter is lagging 2010 by \$13,700, but in 2010 the 1st quarter revenue received from staff time was 126.9% of their projected amount.

Development Activities
Projected Revenues vs. Actual Revenues
- 2011 through 1st Qtr -



Real Estate Excise Tax Collections

Real estate excise tax (REET) is the major funding source for the Capital Improvement Fund. The tax is imposed on all sales of real estate in the City at the total rate of one-half percent (two one-quarter percent assessments).

The first quarter of 2011 showed an increase of 62% (\$14,851) over this time last year. The real estate excise tax collected, year-to-date for 2011, is \$38,650 (32.21% of the projected \$120,000 for 2011) versus \$23,798 at this same time in 2010.



Hotel-Motel Tax & Economic Development Fund Status

The Hotel-Motel Tax is one of two revenue streams (the other is an annual transfer of sales tax revenues from the General Fund) that support the Economic Development Fund. The Hotel-Motel tax is a 1% tax on the cost of renting a room in a hotel or motel within the city. The tax is used solely for supporting the Visitor Information Center located at the Train Depot.

As of March 31, 2011, the City collected \$1,835 (42.67% of projected) in Hotel/Motel tax and transferred-in \$11,276 of sales tax revenues from the General Fund to the Economic Development Fund.

Revenues	2010 1st Qtr	2011 1st Qtr
Hotel/Motel Tax	\$ 1,493	\$ 1,835
2% of City Wide Sales Tax Revenue (capped at \$32,000)	10,967	11,276

INVESTMENTS

Investment	Interest Rate	Maturity	Balance as of: 3/31/11
Washington State Investment Pool	0.23%	ongoing	\$ 2,406,767
Cascade Bank: Certificate of Deposit	0.65%	Mar-2012	\$ 242,381
Bank of the Northwest: Certificate of Deposit	1.10%	Mar-2012	\$ 250,000
Total Investments			\$ 2,899,149

Utility Funds

Utility Operating Funds	Beginning Balance	Revenues thru 1st Qtr		Expenditures thru 1st Qtr		2011 Y.T.D.
	2011	2010	2011	2010	2011	Ending Fund Balance
Water	\$483,641	\$207,462	\$250,222	\$298,712	\$230,149	\$503,714
Sewer	602,971	377,506	480,245	337,163	319,781	\$763,436
Storm Drainage	293,228	155,488	160,274	134,854	166,189	\$287,313
Flood	252,617	39,249	39,920	21,451	20,257	\$272,280
Solid Waste	4,830	46,365	2,244	42,142	3,795	\$3,279
TOTALS	\$1,637,288	\$826,070	\$932,906	\$834,321	\$740,171	\$1,830,022

* In 2010 the State Auditor mandated that all Enterprise Funds report all capital and debt in one fund and not in separate funds as was previously the practice. The above numbers reflect this change.

WATER

The Water Fund's 2011 year-to-date metered sales were \$243,949, 23.13% of the annual projection. In 2010, at this time metered sales were \$206,830. This is due to a water rate increase of 12.6% for 2011.

In the first quarter of 2011 we received \$5,660 in Water Facility Fees, this compares to \$0 in 2010.

SEWER

Sewer service revenues in the first quarter of 2011 were \$401,194 (27% of Budget), compared to revenues of \$367,334 in 2010. The rate

increase of 7% was based on the CPI-W for Seattle-Tacoma August Average.

The Sewer Capital Facility Fee received \$70,110 in GFC purchases in the 1st quarter of 2011 compared to \$0 in 2010.

STORM DRAINAGE / FLOOD

Revenues in the Storm Drainage/Flood Utility consist of fees, surcharges and permits. The Storm Drainage Service Charge (YTD) is \$157,779, compared to \$155,360 in 2010 and the Floodplain Management Surcharge (YTD) was \$39,550, compared to revenues of \$39,124 in 2010.

The Storm Drain Facility Fees received year-to-date are \$2,200 compared to \$0 in 2010.

SOLID WASTE

Solid Waste is operated by contracting with Allied Waste Services (AWS). There are no contract issues at this time.

Ending Fund Balances Year-To-Date
as of March 31, 2011

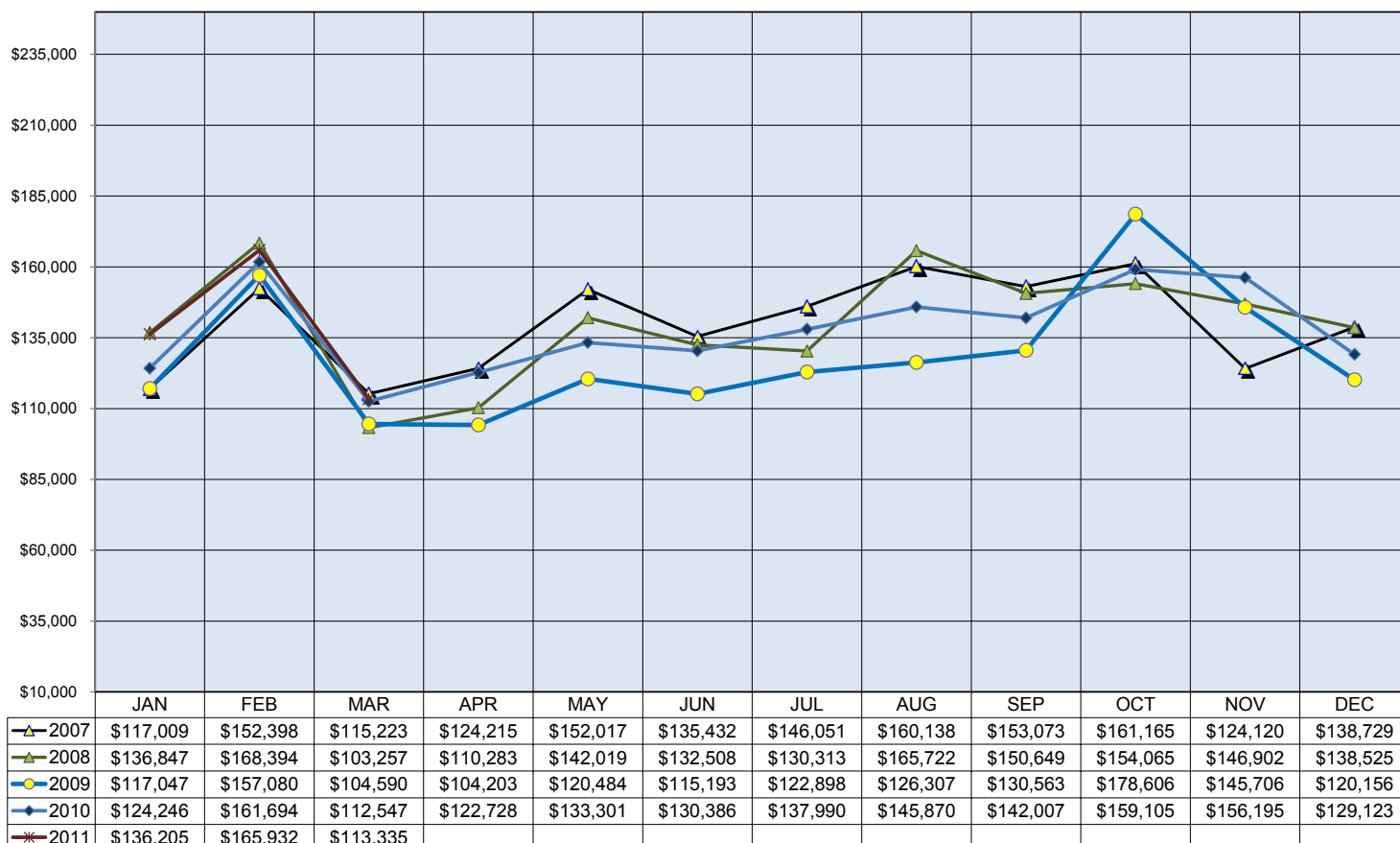
Fund #	Fund Name	Beginning Balance 1/1/11	YTD Revenues & Transfers	YTD (Expenditures) & (Transfers)	Ending Balance 3/31/11
Governmental	001 General Fund	\$ 880,036	1,134,646	1,549,093	465,590
Special Revenue Funds	101 Street Fund	\$ (0)	118,773	118,773	0
	102 Arterial Fund	\$ 140,604	153,120	13,717	280,006
	106 Impact Fees	\$ 53,004	22,958	0	75,961
	108 Economic Development Fund	\$ 3,413	19,233	22,103	543
	109 Contingency Fund	\$ 3,295	0	0	3,295
	110 Capital Improvement/REET	\$ 2,246	38,680	6,094	34,832
	116 Park Improvement Fund	\$ 62,653	235	11,668	51,221
	125 Development Projects	\$ 54,509	55,314	30,323	79,500
Debt Funds	211 LID #5 Bond Redemption	\$ 15,245	0	15,245	0
	215 Padavich Municipal Property	\$ -	302	302	0
	240 PWTF Loan Debt Service	\$ -	0	0	0
Construction Funds	310 Municipal Projects Fund	\$ -	327,046	327,046	0
Utility/ Enterprise Funds	401 Water Fund	\$ 483,641	250,222	230,143	503,721
	402 Sewer Fund	\$ 602,971	480,245	319,774	763,443
	404 Storm Water	\$ 293,228	160,274	166,189	287,313
	404-100 Flood Fund	\$ 252,617	39,920	20,257	272,280
	405 Solid Waste Fund	\$ 4,830	2,244	3,795	3,279
	428 Revenue Bonds Reserve	\$ -	0	0	0
	429 Public Works Shop Bond Rdempt	\$ -	0	0	0
	430 Storm Priority 1 Bond Rdemption	\$ -	0	0	0
	431 2010 Wat/Sew Bond Refunding	\$ -	0	0	0
	450 "Trucktown" ULID: Construction	\$ 2,802,048	2,519	754,669	2,049,898
	451 "Trucktown" ULID: Bond Rdempt	\$ -	209,777	209,777	0
Internal Service Funds	501 Equipment Rental Fund	\$ (0)	116,415	116,415	0
	502 Equipment Rental Reserve	\$ 281,243	0	0	281,243
Fiduciary/Trust Funds	621 LID Guaranty Fund	\$ -	15,023	15,023	0
	635 Treasurer's Trust	\$ 15,454	12,019	6,186	21,287
TOTALS		\$ 5,951,036	3,158,965	3,936,591	5,173,410

Sales Tax Revenue Analysis

(Revenue received is for two-months prior
Example: Receipts in March are for January Sales)
2007 through 2011

Yearly Totals for Sales Tax

2007 = \$1,679,570
2008 = \$1,679,484
2009 = \$1,542,832
2010 = \$1,655,193
2011 = \$415,473



This chart displays a sales tax curve that has some predictable characteristics. The large spike in February relates to holiday sales from the prior year. The May & June increases are attributable to spring shopping & travel. Further increases in August through October are attributable to summer shopping & travel, while the spike in November is attributable to "back to school" shopping.

Writing & Editing

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